

**BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001**

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Retail Access Optimization Initiative

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Docket No. N2011-1

**The National Association of Postmasters of the United States**

**Reply Brief**

**(November 10, 2011)**

On November 4, the National Association of Postmasters of the United States (NAPUS) and 10 other intervenors submitted Initial Briefs to the Postal Regulatory Commission (PRC) regarding the Postal Service's Retail Access Optimization Initiative (RAOI). NAPUS hereby submits its Reply Brief in response to those submissions.

**I. Testimony of NAPUS Witnesses Should Be Considered by the Commission and Postal Service Attempt to Discredit Their Statements Should Be Rejected**

The Postal Service's Initial Brief, with reference to NAPUS Witnesses Rita Zilinski (NAPUS-T-1) and Curt Artery (NAPUS-T-2), continues its epic and historic effort to call into question all those who criticize its management of postal operations. The USPS' objections to the testimony offered by Zilinski and Artery are groundless. The NAPUS witnesses point to the agency's inherent, woeful dissonance between Headquarters-crafted policies and their real-world implementation. The USPS'

Washington-centric view is distorted by physical distance from affected communities and arrogant pride. For years, Zilinski and Artery loyally applied Headquarters-directed postal policies and were recognized by the USPS for their expertise; yet, when they proficiently identify the inadequacies of postal policies, the USPS seeks to discredit them.

Evidence provided by Zilinski and Artery show that the Postal Service, as part of its RAOI, fails to account for the diminution of postal services in rural communities and the erroneousness nature of the agency's calibration of earned workhours in RAOI candidate post offices. The Postal Service does not contradict the presented evidence; rather, it strives to discredit Zilinski and Artery.

#### **A. Retired Postmaster Rita Zilinski Offers Credible Evidence That the RAOI Will Negatively Impact Rural Postal Customers**

The Postal Service asserts that Zilinski's experiences with regard to breaches in mail security cannot be applied beyond the rural West Virginia communities she served.<sup>1</sup> Nevertheless, Zilinski points out in her testimony that her experience is not unique<sup>2</sup> and the USPS simply asserts that here, real-world experiences are not "projectable." In response to Zilinski's concern about mail security for RAOI-impacted customers, the USPS claims she does not take into account the full range of options that may be offered by the USPS to those customers. However, the USPS provides limited guidance, even through Handbook PO-101, as to how local management will make decisions as to what would be acceptable, secure and safe post office box proxies. In fact, the USPS concedes

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<sup>1</sup> USPS Brief at 55

<sup>2</sup> NAPUS-T-1 at 1

that issues of vandalism and mail theft can “lead customers to choose the greater security of Post Office Box service.”<sup>3</sup> However, through the RAOI, the USPS cannot provide assurance that such an option is reasonably accessible to such customers.

The USPS claims that Zilinski’s reference to NCDBUs renders her testimony obsolete, because more secure CBUs will be deployed within the context of the RAOI. The USPS chooses to ignore Zilinski’s response that in the *real world*, which means impact on actual postal customers, more recent incarnations of the cluster box vary little from earlier versions. They share similar characteristics and are exterior-located.<sup>4</sup>

The USPS asserts that Zilinski should be disqualified because she did not compile a comprehensive list of instances of lock freezes, access-resultant CBU damage, or vandalism episodes. As the USPS well knows, this data is either unavailable or it is requiring Zilinski to be deputized as *USPS CSI*. As stated throughout her testimony, Zilinski was testifying as to her real-world experience. Finally, the USPS seeks to cast aspersions on her reputation by alleging that she did not report instances of damage to the Postal Inspection Service and make recommendations to postal customers. In fact, the USPS chooses to ignore Zilinski’s responses to interrogatories where she states she made suggestions to postal customers,<sup>5</sup> she reported instances of inoperative CBUs to the USPS,<sup>6</sup> and she reported box vandalism to local law enforcement officials.<sup>7</sup>

In sum, the USPS disingenuously strives to trivialize and discredit the testimony of a small-town Postmaster who has real-world experience. It is NAPUS’ view that the

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<sup>3</sup> USPS Brief at 56

<sup>4</sup> USPS/NAPUS-T1-5

<sup>5</sup> USPS/NAPUS-T1-12(c)

<sup>6</sup> USPS/NAPUS-T1-12(e)

<sup>7</sup> USPS/NAPUS-T1-13(c)

only way to measure the true impact of the RAOI is to consider real-world applications of a Headquarters-driven initiative.

## **B. NAPUS Vice President Curt Artery Offers Credible Evidence That the RAOI Relies on Inaccurate Measurements of Workload**

Similar to the line of attack against Zilinski, the USPS strives to discredit Artery. However, the USPS' stab at Artery misses the mark and fails to address the Achilles Heel of the SOV program: its inability to capture *actual* non-financial transactions at RAOI candidate post offices. In addition, the USPS fails to comprehend there is a cavernous difference between a program's *architect* and the manager who must execute the program. The real experts in SOV implementation do not occupy 6<sup>th</sup> floor offices at Postal Headquarters; rather, they stand on their two feet, serving postal costumers at our nation's post offices year-round.

The key issue is the USPS does not currently have an accurate means of determining *actual* workload in a RAOI post office, because in a non-Point-of-Service location, workload is based on walk-in-revenue,<sup>8</sup> not actual postal activity. Consequently, the use of "earned workload data" is intrinsically defective. This was a crucial point made time and again in Artery's testimony.

The USPS relies on Witness Ruiz to assert that the SOV program is updated in a timely fashion, yet NAPUS presented evidence of at least two post offices, Rosebud and Glenrock,<sup>9</sup> that have not been updated since 2009. Moreover, the USPS conceded it does

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<sup>8</sup> Tr. Vol. 5 at 1740

<sup>9</sup> USPS/NAPUS-T-2-3

not scan mail in the RAOI offices,<sup>10</sup> and parcel return activity is not included in the SOV model.<sup>11</sup> With respect to scanning, RAOI post offices are coupled with POS-site data, and scans are extrapolated to walk-in-revenue. Ruiz also concedes that actually tracking scanning, rather than basing the scans on office level, would yield more accurate workload results.<sup>12</sup> Also, Ruiz concedes there could be a problem with SOV validation by a postal employee if he or she does not have access to the SOV program.<sup>13</sup>

The USPS fails to demonstrate why there exists a relationship between walk-in-revenue and non-financial post office activity. In addition, Ruiz fails to explain how e-Moves is integrated into the SOV, other than it “comes in as walk-in revenue.”<sup>14</sup> In essence, most everything in the RAOI hinges on the revenue issue because a significant portion of the workload credit is extrapolated from revenue. Hence, it raises a serious issue with respect to the prohibition against closing a post office solely for running a deficit.<sup>15</sup> Small and rural post offices fall within the RAOI trap by being subjected to the revenue test twice, both on revenue and on workload.

The USPS, in its brief, asserts that SOV is as accurate for small offices as it is for larger ones.<sup>16</sup> This assertion is curious and ironic because the USPS overlooked its concession that customer service activities, such as customer inquiries, are not tallied at RAOI post offices.<sup>17</sup> In addition, there is not retrievable data of customer visits to a post

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<sup>10</sup> Tr. Vol. 5 at 1782

<sup>11</sup> NAPUS/USPS-T1-49

<sup>12</sup> Tr. Vol. 5 at 1785-86

<sup>13</sup> Id. at 1784

<sup>14</sup> Id. at 1748

<sup>15</sup> 39 U.S.C. §101(b)

<sup>16</sup> Tr. Vol. 5 at 1781-2

<sup>17</sup> Id. at 1781

office for which there may be no employee contact,<sup>18</sup> such as picking up flat-rate boxes.<sup>19</sup>

In sum, while the USPS sought to discredit Artery, in fact, the agency is in desperate need of accurate and verifiable data upon which to make discontinuance decisions. Moreover, this agency should require the architects of field activities to gain real-world field experience in implementing the plans they devise.

## **II. Valpak Misreads RAOI and Post Office Protection Statutes**

Valpak's argument is predicated on the assumption that financial necessity justifies the RAOI. This is a specious claim and the USPS does not even make it; it should be rejected.

While the USPS states that closing all of the original RAOI retail facilities would yield \$200 million in savings, it does not ask the Commission to consider this number as a basis for its Advisory Opinion. Moreover, the Commission itself found, as part of its report on the Postal Service's Universal Service Obligation, that maintaining all small and rural post offices costs the USPS only 0.7% of its operating budget. Consequently, NAPUS is unclear what financial benefit Valpak or any other mass mailer would accrue from the closing of small and rural post offices. In addition, the USPS has stated that it plans to discontinue a "subset" of the RAOI post offices – not all candidate post offices. This means no weight should be given to Valpak's arguments within this docket.

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<sup>18</sup> Id.

<sup>19</sup> Id. at 1787

Valpak ignores considerable legislative history that demonstrates the seriousness that Congress places on the continuation of rural mail service through local post offices.<sup>20</sup> Moreover, only yesterday, the Senate Homeland Security and Governmental Affairs Committee reasserted Congressional interest in protecting rural post offices by passing an amendment that was included in underlying postal relief legislation, S. 1789. In part, the Moran-Tester-Collins-McCaskill-Begich-Landrieu amendment calls for a moratorium on post office closures, pending the implementation of retail service standards. At the hearing, Senator Carl Levin called for a recorded vote in order to demonstrate the Committee's strong support for rural post offices. The amendment was approved by a 12-4 majority; the bill was favorably reported 9-1.

### **III. Conclusion**

For the reasons explained above and those contained in NAPUS' Initial Brief, the Commission should conclude that it has jurisdiction to issue an advisory opinion on the Postal Service Retail Access Optimization Initiative. In its decision, the Commission should advise the Postal Service, that in its present form, the RAOI does not conform to the policies of Title 39. Specifically, the Commission should advise the Postal Service to avoid any policy that discriminates against rural postal customers, violates the statutory prohibition against closing a post office solely for running a deficit, denies rural postal customers a maximum degree of regular and effective postal services, and uses inaccurate data in a discontinuance review.

Respectfully submitted,

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<sup>20</sup> NAPUS Brief at p. 6-7

Robert M. Levi  
Director of Government Relations  
National Association of Postmasters of the United States  
8 Herbert Street  
Alexandria, VA 22305  
Tel. 703-683-9027  
Fax 703-683-0923  
[blevi@napus.org](mailto:blevi@napus.org)